

## Message Text

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ACTION EB-07

INFO OCT-01 ARA-14 ISO-00 AID-05 CIAE-00 COME-00  
FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04  
OPIC-06 SP-02 LAB-04 EPG-02 SIL-01 OMB-01 NSC-05  
SS-15 STR-04 CEA-01 /095 W  
-----012223 120012Z /72

R 111409Z JUL 77

FM AMCONSUL GUADALAJARA

TO SECSTATE WASHDC 3565

INFO AMEMBASSY MEXICO

AMCONSUL MONTERREY

UNCLAS GUADALAJARA 0947

E.O. 11652: N/A

TAGS: ECON MX

SUBJ: COMMENTS ON IN-BOND PLANT INDUSTRY IN MEXICO

LIC. FERNANDO PALACIO LANDA, CURRENT NATIONAL COORDINATOR FOR THE IN-BOND PLANT INDUSTRY IN MEXICO, STATED RECENTLY TO THE GUADALAJARA PRESS THAT THIS INDUSTRY PROVIDES GREAT ECONOMIC BENEFITS TO THE COUNTRY, UTILIZING CONSIDERABLE MEXICAN MANPOWER AND PROVIDING SALARIES, PAYMENTS OF ELECTRICITY, TELEPHONE AND OTHER SERVICES TO THE NATIONAL ECONOMY.

HE FURTHER STATED THAT IN-BOND PLANTS MEET ALL MEXICAN LEGAL REQUIREMENTS, SUCH AS PAYMENTS TO THE SOCIAL SECURITY SYSTEM, TO THE NATIONAL FUND FOR WORKERS HOUSING, ETC. PALACIO ALSO STATED THAT DURING 1976 "VALUE ADDED" OF PRODUCTS BEING MANUFACTURED IN THE IN-BOND PLANTS WAS 9 BILLION PESOS AND 82,000 PEOPLE WERE EMPLOYED IN THE PLANTS. HE FURTHER ADDED THAT THIS TYPE OF INDUSTRY EXPERIENCES THE FEWEST JOB-RELATED ACCIDENTS AND EVEN THOUGH LABOR IS CHEAPER IN COUNTRIES SUCH AS KOREA AND MALAYSIA, MEXICO OFFERS ADVANTAGES SUCH AS BETTER INFRASTRUCTURE, NATURAL RESOURCES, SKILLED WORKERS AND THE ABILITY TO PERFORM PRECISION WORK NEEDED IN MANY IN-BOND PLANTS.

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MEXICO CURRENTLY HAS 526 IN-BOND PLANTS AND ACCORDING TO PALACIO THIS NUMBER WILL INCREASE 15 TO 20 PERCENT THIS YEAR. HE STATED THAT DURING THE CURRENT ADMINISTRATION (LOPEZ-PORTILLO), THE GOVERNMENT INTENDS TO INCREASE THE NUMBER OF IN-BOND PLANTS SO AS TO PROVIDE EMPLOYMENT TO 175,000 WORKERS.

IN ANSWER TO RECENT CRITICISM BY A JALISCO UNION LEADER ABOUT ALLEGEDLY UNSAFE WORKING CONDITIONS EXISTING IN SOME GUADALAJARA IN-BOND PLANTS, PALACIO STATED THAT THIS IS FALSE AND REFLECTS IGNORANCE OF ACTUAL CONDITIONS THERE. PALACIO CONCLUDED STATING THAT THE MEMBERS OF THE COORDINATING COUNCIL FOR THE IN-BOND PLANT INDUSTRY WOULD MEET WITH JALISCO STATE GOVERNOR FLAVIO ROMERO DE VELASCO SOON TO EXPLAIN THE BENEFITS AND ADVANTAGES OF THE IN-BOND PLANT INDUSTRY AND TO EXPLAIN THE PROMOTION CAMPAIGN TO BRING MORE PLANTS TO THE STATE.

COMMENT: PALACIO-LANDA, THE DYNAMIC EX PRESIDENT OF THE IN-BOND PLANT ASSOCIATION OF MEXICO IS ACTIVELY WORKING ON GENERATING ENTHUSIASM FOR AND PROMOTING THE IN-BOND PLANT INDUSTRY BOTH AMONG MEXICAN GOVERNMENT OFFICIALS AND FOREIGN BUSINESSMEN. THE OUTLOOK FOR THIS INDUSTRY IN THE GUADALAJARA REGION APPEARS GOOD. ONE PLANT APPEARS TO BE CONVERTING ITS OPERATIONS FROM IN-BOND TO PRODUCTION FOR THE MEXICAN AND LATIN AMERICAN MARKET, WITHOUT DISMISSING PERSONNEL BUT ANOTHER PLANT HAS DOUBLED ITS OUTPUT AND NUMBER OF WORKERS SINCE DECEMBER, 1976 AND EXPECTS TO DOUBLE AGAIN WITHIN 18 TO 24 MONTHS.  
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## Message Attributes

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**Subject:** COMMENTS ON IN-BOND PLANT INDUSTRY IN MEXICO LIC. FERNANDO PALACIO LANDA, CURRENT NATIONAL COORDINATOR FOR THE IN-BOND PLANT INDUSTRY IN MEXICO, STA TED RECENTLY  
**TAGS:** ECON, EIND, ELAB, MX, (PALACIO LANDA, FERNANDO)  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009